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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1952.

## No. 25

CARDOX CORPORATION,

*Petitioner,*

*vs.*

C-O-TWO FIRE EQUIPMENT COMPANY,

*Respondent.*

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

## BRIEF FOR PETITIONER.

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ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

## BRIEF FOR PETITIONER.

### Opinion Below.

The opinion of the Court of Appeals for the Seventh Circuit (R. 21) is reported at 194 F. 2d 410.

### Jurisdiction.

The judgment of the Court of Appeals was entered on February 1, 1952 (R. 31). The Petition for a Writ of Certiorari was filed with this Court on March 12, 1952, and was allowed by an order of this Court filed April 21, 1952. The jurisdiction of this Court is invoked under Title 28, U. S. C., Section 1254(1).

## Statutes Involved.

The statutes involved are certain portions of revised Title 28, U. S. C., as follows:

"Section 1400. Patents and copyrights.

* * *

"(b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business."

"Section 1391. Venue generally.

* * *

"(c) A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes."

## Statement of the Facts.

The present proceedings originated with a complaint filed on June 26, 1951, by petitioner in the United States District Court for the Northern District of Illinois, Eastern Division, charging respondent with infringement of certain patents owned by petitioner (R. 3, 7). The complaint in said action alleges, as to venue, that respondent "is a corporation organized and existing under the laws of the State of Delaware, and is licensed to do business in the State of Illinois, is a resident of and has a regular and established place of business in and is doing business in the Northern District of Illinois, Eastern Division, * * *." (R. 7).

On July 12, 1951, respondent filed a motion to dismiss or, in the alternative, to transfer the action, on the grounds that it was a corporation of Delaware and that it was

neither alleged nor was it the fact that acts of infringement by respondent had occurred within the Northern District of Illinois (R. 3, 4, 9). The Honorable John P. Barnes, Chief Judge of the United States District Court for the Northern District of Illinois, to whom the case was assigned, on October 15, 1951, denied respondent's motion and ordered respondent to answer (R. 13).

On October 29, 1951, respondent filed with the Court of Appeals for the Seventh Circuit its Petition for a Writ of Mandamus directing Judge Barnes to nullify, vacate and set aside the aforesaid order denying respondent's motion (R. 2). Judge Barnes, as respondent, filed his answer to the petition on November 15, 1951, disclaiming interest in the cause or the issues thereof other than such interest as any other citizen of the United States should have (R. 14). Thereupon, petitioner, on November 27, 1951, applied for leave to intervene, to file a pleading in opposition to the Petition for the Writ of Mandamus, to file a brief and to participate in oral argument. Such leave was granted by the Court of Appeals on November 27, 1951 (R. 16) and petitioner's answer was filed on December 7, 1951 (R. 17).

After briefs were filed and oral arguments heard, the Court of Appeals entered its judgment on February 1, 1952, directing Judge Barnes to (1) dismiss the case or (2) if it be in the interest of justice, to transfer the same to the appropriate district (R. 31). The decision was by a divided court with an opinion filed by the majority (R. 21), and a dissenting opinion filed by Judge Lindley (R. 30).

Respondent admitted in its Petition for Mandamus that it was licensed to do business and had a place of business within the Northern District of Illinois (R. 4). It has been and is respondent's contention, however, that despite

such admission it is not a resident of the Northern District of Illinois and that since there is no allegation of the commission by respondent of infringing acts in such district, the venue of the patent infringement action is improper.

Petitioner admits that there is no allegation that respondent has committed acts of infringement within the Northern District of Illinois (R. 17). It is petitioner's contention, however, that because respondent concededly is licensed to do business and has a place of business in the Northern District of Illinois, such district is the district of residence of respondent for venue purposes and that, accordingly, it was entirely proper for petitioner to institute its suit against respondent for patent infringement in such district under the provisions of Sections 1400(b) and 1391(c) of revised Title 28, U. S. C.

**Specification of Errors.**

The court below erred:

(1) In holding that the Congressional definition of corporate residence "for venue purposes" contained in Section 1391(c) of revised Title 28, U. S. C., does not define the judicial district in which a corporate defendant "resides" as provided in Section 1400(b) relating to venue in patent infringement actions;

(2) In creating an ambiguity in the conceded plain and unambiguous language of Section 1391(c) by reference to and reliance upon the Reviser's notes and legislative history.

**Summary Of Argument.**

I. The venue provisions of revised Title 28 clearly permit a corporation to be sued for patent infringement in any district in which it is doing business or is licensed to do business ..... 8

The Congressional definition of corporate residence in Section 1391(c) applies to Section 1400(b) under the plain language of both sections ..... 8

Under Section 1400(b) a patent infringement action may be brought in the district where defendant "resides" ..... 8

Congress for the first time defined residence of a corporation for venue purposes in Section 1391(c) ..... 8

The language is all inclusive and is unambiguous, direct, clear, unmistakable and without qualification. Cf. *Ex Parte Collett*, 337 U. S. 55, 58 ..... 9

The applicability of the definition in Section 1391(c) to Section 1400(b) is supported by the weight of authority ..... 10

The question before this Court for decision has been passed upon by only two Courts of Appeals ..... 10

In *Dalton* v. *Shakespeare Co.*, 196 F. (2d) 469 (1952), the Court of Appeals for the Fifth Circuit in a unanimous decision decided that the plain language of the statutes controls ..... 10

In the instant case, the Court of Appeals for the Seventh Circuit, with Judge Lindley dissenting, while conceding that the guage employed by Congress was clear and free from ambiguity, nevertheless reached a contrary result ..... 10

The Court of Appeals for the Fifth Circuit unanimously agreed with the view of

Judge Lindley who dissented in the instant case ..... 10

In *Farr Co.* v. *Gratiot*, 92 F. Supp. 320 (1950), the District Court for the Southern District of California reached the same conclusion as that reached by the Fifth Circuit Court of Appeals and by Judge Lindley in his dissent in the instant case ..... 12

In two other cases district judges have held that the Congressional definition of corporate residence applies to patent infringement actions ..... 13

This view is supported by Professor Moore in "Moore's Commentary on the U. S. Judicial Code" (1949) and in the Cyclopedia of Federal Procedure (3rd Edition, 1951) Volume 3, page 75 ..... 14

Six decisions by district courts hold that Section 1391(c) does apply to venue provisions found in separate statutes ..... 15

II. It was error for the court below to rely on the Reviser's notes and legislative history ..... 16

As was pointed out by Judge Lindley in his dissenting opinion, the court below not only construed Section 1391(c) but rewrote the section so as to add the phrase "except in patent infringement cases" ..... 17

The rule that where the statutory language is clear there is no need to refer to the legislative history has been consistently applied by this Court and recently reiterated in its opinion in *Ex Parte Collett*, 337 U. S. 55, 61, 69 S. Ct. 944 (1949) ..... 17

III. Even though legislative history cannot prevail over the unambiguous language of the statute here, the plain meaning of Section 1391(c) is not at variance with its legislative history or with the intent of Congress to broaden venue with respect to corporate defendants ..... 18

There is no reason why corporations should be treated differently in patent cases than in any other cases nor is there any expressed intent by Congress to do so ..... 19

The fact that alternative grounds of venue can be and many times are satisfied does not mean that the alternatives or either of them are meaningless ..... 20

The Reviser's notes nowhere comment on the definition of corporate residence in Section 1391(c) which is an entirely new provision ..... 20

Subsequent writings of the principal Revisers demonstrate that a change was made in the law ..... 21

IV. The decisions in *Stonite Products Co.* v. *Melvin Lloyd Co.* and related cases relied on by the court below are not in point ..... 23

In *Stonite Products Co.* v. *Melvin Lloyd Co.*, 315 U. S. 561, 662 S. Ct. 780 (1942) this Court was faced with inconsistent and mutually exclusive provisions regarding venue ..... 24

If the *Stonite* decision had been to the contrary a defendant could have been sued for patent infringement in a district wherein it was neither a resident nor where it had committed acts of infringement thus directly violating the patent venue provision ..... 24

In the instant case the question is whether one of the alternative grounds of venue in patent infringement actions to-wit, residence, is defined by a complementary definition of corporate residence ..... 24

Four of the cases relied upon in the majority decision of the Court below do not involve the present question but rather the identical question presented in the *Stonite* case ..... 25

No one of the three further cases relied upon is controlling here ..... 25

## ARGUMENT.

### I.

### The Venue Provisions Of Revised Title 28 Clearly Permit A Corporation To Be Sued For Patent Infringement In Any District In Which It Is Doing Business or Is Licensed To Do Business.

#### A.

**The Congressional definition of corporate residence in Section 1391(c) applies to Section 1400(b) under the plain language of both sections.**

Revised Title 28, U. S. C., Section 1400(b) covers venue in patent infringement actions and provides that such actions may be brought "where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business". The word "resides" is new in this provision. The same term, or its equivalent noun "residence", is used frequently in other sections of Chapter 87 of revised Title 28, U. S. C., all of which pertain to venue.*

Congress did not leave the question of what should constitute the residence of a corporation for venue purposes to speculation or to future determination. For the first time it incorporated in the venue provisions a specific, clear and unambiguous definition of such residence. This definition is found in Section 1391(c):

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* "Resides", "residing" or "residence" is specified as a basis for venue in the following sections: 1392(a)—actions involving multiple defendants in different districts; 1393(a)—actions involving districts containing more than one division; 1393(b)—actions involving defendants residing in different divisions of the same district or different districts in the same state; 1396—actions for the collection of internal revenue taxes; 1397—interpleader actions; 1398—actions to enforce Interstate Commerce Commission's orders; 1400(a)—actions on copyrights; 1400(b)—actions for patent infringement; 1402(a)—actions against the United States; 1402(b)—tort claims against the United States.

> "(c) A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes."

The language used in 1391(c) is without qualification. It plainly states that the residence of a corporate defendant as therein defined shall be its residence "for venue purposes". There is not the slightest hint that the definition should apply for some venue purposes and that others should be excluded. On the contrary, the language is all inclusive and clearly applies to every venue provision contained within the entire chapter as well as to venue provisions contained in separate statutes, such as those governing actions under the Jones Act and actions under the Clayton Act.

A very similar question concerning venue was before this Court recently in *Ex Parte Collett*, 337 U. S. 55, 69 S. Ct. 944 (1949).* There, this Court held that Section 1404(a) of revised Title 28, U. S. C., providing for the transfer of actions under certain conditions, applied to actions brought under the Federal Employers' Liability Act, although previously the doctrine of *forum non conveniens* had been held not available in such suits.** This Court reached a similar decision with reference to venue in anti-trust suits in *United States* v. *National City Lines*, 337 U. S. 78, 69 S. Ct. 955 (1949), despite its previous ruling that *forum non conveniens* was not applicable in such cases.***

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* See also **Kilpatrick v. Texas & P. Ry. Co.**, 337 U. S. 75, 69 S. Ct. 953 (1949).

** **Baltimore & Ohio R. Co. v. Kepner**, 314 U. S. 44, 62 S. Ct. 6 (1941); **Miles v. Illinois Central R. Co.**, 315 U. S. 698, 62 S. Ct. 827 (1942).

*** **United States v. National City Lines**, 334 U. S. 573, 68 S. Ct. 1169 (1948).

In its opinion in *Ex Parte Collett,* 337 U.S. 55, 58, this Court held that the language of Section 1404(a) was unambiguous, direct, clear, unmistakable and without qualification. It is submitted that the language of Section 1391(c) is just as unambiguous, direct, clear, unmistakable and without qualification. It defines the residence of corporate defendants for venue purposes in all actions, whether such venue be found in subsequent provisions of Chapter 87, such as Section 1400 (b), or is found in the provisions of separate statutes.

B.

**The applicability of the definition in Section 1391(c) to Section 1400(b) is supported by the weight of authority.**

The question before this Court for decision has been passed upon by only two Courts of Appeals. The Court of Appeals for the Fifth Circuit in a unanimous decision in *Dalton* v. *Shakespeare Company,* 196 F. 2d 469 (1952), decided that the plain language of the statutes controls. In the instant case the Court of Appeals for the Seventh Circuit, with Judge Lindley dissenting, while conceding that the language employed by Congress was clear and free from ambiguity, nevertheless reached a contrary result. 194 F. 2d 410 (R. 21).

The Fifth Circuit unanimously agreed with the view of Judge Lindley and reversed the order of the District Court in the *Dalton* case dismissing the action for patent infringement on the ground of improper venue. In its opinion, that court recognized that the question was debatable, but then said (196 F. 2d 469, 472):

> "It does not follow, however, that because it is debatable, the question is insoluble or that a solution of it may not be found in the plain language of the

statute. Indeed it seems to us that the difficulties arise not out of the words the statute used but out of the strained efforts to make them read otherwise than as they do."

The court rejected the majority opinion in the instant case, holding at page 472:

"* * * We are unable to follow the opinion of the majority in the *C-O-Two Fire Equipment Co.* case, *supra,* that the contention of appellant will introduce an inconsistency into 1400(b). We think, on the contrary, that if the word 'resides', as used in 1400(b), is given the statutory definition of residence, set out in 1391(c), Section 1400(b) will be rendered more clear and workable. If, on the contrary, we must look elsewhere than in Section 1391(c) for the meaning of the word 'resides', as it appears in Section 1400(b), we will be placed in the untenable position of searching for light in language which has been deliberately abandoned instead of in language deliberately chosen out of the experience of the past and carefully defined for the future.

"If Congress had intended the definition of Section 1391(c) to be limited to certain types of actions, congress would, we think, have plainly said so. If, on the contrary, congress had intended to provide that corporations are, for venue purposes, residents of those districts in which they are doing business, regardless of the particular wrong with which the corporation may be charged, it, by using the word 'residence' in Section 1391(c) and 'resides' in Section 1400(b), certainly took the right course to do so.

"We see no reason for straining, as opinions taking the contrary view appear to us to do, to find that the definition of 'residence' contained in Section 1391 (c) should not be consistently applied as the definition of 'residence' applicable to all corporate defendants. * * *"

It was the view of Judge Lindley, in his dissenting opinion below in the instant case, that to hold otherwise would result in "judicial legislation". Judge Lindley said (194 F. 2d 410, 415-416):

> "The problem here seems to me a simple one. Section 1400(b) of Title 28 U. S. C. provides, in its very first clause, that an action 'for patent infringement may be brought in the judicial district where the defendant resides'. Sec. 1391(c) of Title 28 U. S. C. prescribes that the district in which a corporation is incorporated or licensed to do business or is doing business 'shall be regarded as the residence of such corporation for venue purposes.' The intervenor, plaintiff below, averred in its complaint that defendant, petitioner here, is a corporation licensed to do business in Illinois and is doing business within the Northern District of Illinois, thus bringing defendant within the class of corporate defendants whose residence is, by virtue of Sec. 1391(c), within the Northern District of Illinois. It seems to me that the District Court could not have done other than it did without doing violence to the clear provisions of the two sections. Inasmuch as defendant is a resident of the Northern District of Illinois, by virtue of the express provisions of Sec. 1391(c), plaintiff had a right, under Sec. 1400(b), to bring the suit in that District. To hold otherwise seems to me to require that we interpolate at the end of Sec. 1391(c) the phrase 'except in patent infringement cases.' To do so is beyond our function. I would deny the petition."

The District Court for the Southern District of California reached a similar conclusion in *Farr Co.* v. *Gratiot*, 92 F. Supp. 320 (1950). Judge Hall there held that, since the defendant corporation in that case was concededly doing business in the district, it therefore resided in the district for the purpose of venue under the first alternative

clause of Section 1400(b). In so holding, the court said, among other things (92 F. Supp. 322):

> "* * * The 1948 Judicial Code has many changes in it and many additions to it, which must be read together with any individual section; for instance, the addition of Sections 1404(a) and 1406 just mentioned. To accept the defendants' contention would be to say that these two sections apply to neither 1400(a) nor 1400(b). Moreover, Sections 1393 to 1404 inclusive, each deal with venue in particular types of cases. Residence is the basis of venue in many of them: * * * To adopt the construction contended for by the defendants, would be to say that Section 1391(c) with its definition of residence either applied to Sections 1393(a), 1396, 1397, 1398, 1400(a), and 1402, but did not apply to 1400(b); or to say that it applies to none of them, which would leave it meaningless.
>
> "The long and short of defendants' contention would be to require judicial legislation by adding to the end of Section 1391(c), the phrase, 'except in patent litigation;' which would also require a different meaning to the word 'resides' in Section 1400(b), than that given to it in any other section; and in fact would require the court to judicially legislate as to its meaning."

A similar result was reached by Judge Mathes of the same district in California in *Radio Corporation of America* v. *Paramount Pictures, Inc., et al.* (Civil Action, No. 8070-WM, 1950, unreported).

Similarly, Judge Barnes, whose denial of the respondent's motion to dismiss in the original patent suit resulted in the present mandamus proceedings, reached the same determination in *Sponge Products* v. *Fuller Brush Company* (D.C.N.D. Ill., 1951, Civil Action No. 51 C 382, unreported).

The foregoing decisions, which are squarely in point, are fully in accord with the views expressed by Professor James William Moore in "Moore's Commentary on the U. S. Judicial Code" (1949). In discussing Section 1391 (c) the author states (page 178):

> "* * * And, what is far more important, a corporate *defendant* may under § 1391(c) be a resident of many districts for purposes of applying the above venue rules, whereas formerly a corporation was a resident of only one district." (Moore's emphasis.)

With reference to special venue coverage Professor Moore says (pages 178-179):

> "* * * But, and this is very important, all special venue provisions, whether within Title 28 or some other title, must be read in connection with the following general provisions:"

quoting, among others, Section 1391(c).

Concerning the effect of Section 1391(c) on Section 1400(b) the same author says (pages 184-185):

> "* * * Subsection (b) of § 1400 carries forward without substantial change the venue provisions of former 28 USC § 109 dealing with patent infringement actions; but the general provisions of § 1391(c) dealing with the residence of a corporate defendant, and § 1391(d) to the effect that an alien may be sued in any district will have a qualifying effect when such parties are defendants to a patent infringement action. * * *"

And, again, at page 194:

> "This [1391(c)] is a provision of general applicability to a corporate defendant, whether the case be one governed by a general venue provision, or by a special venue provision within Title 28, such as § 1400(b) governing a patent infringement action, or by a special venue provision contained in some other title of the United States Code." (Bracketed material supplied)

Edward L. Barrett, Jr., Associate Professor of Law, University of California, is in accord with Professor Moore. In his article "The Federal Judicial Code of 1948" appearing in "Journal of the State Bar of California", Vol. XXIII, No. 5, 1948, page 324, the author says (page 331):

> "The express provision that the district in which a corporation is licensed to do business or is doing business 'shall be regarded as the residence of such corporation for venue purposes', should apply in all special venue statutes."

The same conclusion is reached in Cyclopedia of Federal Procedure (3rd Ed., 1951) Vol. 3, page 75, where it is stated with regard to patent infringement actions:

> "The present general venue statute, of course, broadens the matter even more by providing that a corporation may be sued in any district in which it is incorporated or licensed to do business or is doing business, and that such district shall be regarded as its residence for venue purposes."

The foregoing authorities are all concerned with the specific issue presently under consideration, *viz.* whether or not the general definition of corporate residence for venue purposes found in Section 1391(c) applies to one of the specific venue sections of revised Title 28, namely, Section 1400(b). Each of them holds that it does.

In addition there are, so far as petitioner's research has disclosed, six decisions by district courts holding that Section 1391(c) does apply to the venue provisions found in separate statutes. Four of the decisions hold that the definition in Section 1391(c) applies to actions brought under Title 46 U. S. C. Section 688 (the Jones Act): *Bagner* v. *Blidberg Rothchild Company*, 84 F. Supp. 973 (D.C. E.D. Pa., 1949); *Bounds* v. *Streckfus Steamers*, 89 F. Supp. 242 (D.C. Del., 1950); *Mincy* v. *Detroit & Cleveland Navigation Company*, 94 F. Supp. 456 (D.C. S.D. N.Y.,

1950) and *Phillips* v. *Pope & Talbot, Inc.*, 102 F. Supp. 51 (D.C. S.D. N.Y., 1952). In the other two cases the courts held that the definition applied to actions under the Clayton Act, where venue is controlled by Title 15 U. S. C. Section 22: *Lipp, et al.* v. *National Screen Service Corporation*, 95 F. Supp. 66 (D.C. E.D. Pa., 1950); *Bertha Bldg. Corp.* v. *National Theaters Corp.*, 103 F. Supp. 712 (D.C. E.D. N.Y., 1952).

Certainly Section 1400(b) of revised Title 28, U. S. C., is no more a "special" venue provision than are the venue provisions of the Jones Act and the Clayton Act. Yet, the courts which have considered the question have unanimously held Section 1391(c) applicable to the latter. It it submitted that the same result should obtain as to Section 1400(b).

Since respondent was concededly licensed to do business and was doing business in the Northern District of Illinois (R. 4), petitioner respectfully submits that such district was the residence of respondent for venue purposes and that the venue of the patent infringement action by petitioner against respondent was properly laid in that district. The decision of the Court of Appeals for the Seventh Circuit should be reversed.

## II.

### It Was Error For The Court Below To Rely On The Reviser's Notes And Legislative History.

In its majority opinion the Court of Appeals admitted that the language in Section 1391(c) is clear, plain and unambiguous and is not susceptible to interpretation or construction, 194 F. 2d 413 (R. 24-5). However, the court below then went on to find that Section 1391(c) did not apply to Section 1400(b), following the erroneous reason-

ing of Judge Harrison in *Gulf Research & Development Co.* v. *Schlumberger Well Surveying Corp.*, 92 F. Supp. 16 (D.C. S.D. Cal., 1950). The latter is the only reported decision squarely deciding the question adversely to petitioner's contention and the authorities referred to under the preceding point of this brief.

It is indeed strange that the court below should rightly agree that the language of Section 1391(c) is plain, clear and unambiguous but at the same time hold the section to be inapplicable to Section 1400(b), a venue provision. As Judge Lindley pointed out in his dissenting opinion, in so doing the court below not only construed Section 1391(c) but rewrote the section so as to add at the end thereof the phrase "except in patent infringement cases". This, of course, is pure judicial legislation which is beyond the function of the courts.

Both the majority of the court below and Judge Harrison relied extensively upon the Reviser's notes and the legislative history of the development of the venue provisions of the revised Judicial Code. As previously demonstrated in the preceding point, and as admitted by the court below in the majority opinion, Section 1391(c) is clear, plain and unambiguous. Accordingly, the rule which has been consistently applied by this Court and recently reiterated in its opinion in *Ex Parte Collett*, 337 U. S. 55, 69 S. Ct. 944 (1949), is controlling here. It forbids resort to either the Reviser's notes or the legislative history. After holding that the language of Section 1404(a) was direct, clear, and not ambiguous, this Court repeated the applicable rule of statutory construction as follows (p. 61):

> "Petitioner's chief argument proceeds not from one side or the other of the literal boundaries of § 1404(a), but from its legislative history. The short answer is that there is no need to refer to the legislative history

> where the statutory language is clear. 'The plain words and meaning of a statute cannot be overcome by a legislative history which, through strained processes of deduction from events of wholly ambiguous significance, may furnish dubious bases for inference in every direction.' *Gemsco* v. *Walling*, 1945, 324 U. S. 244, 260, 65 S. Ct. 605, 614, 89 L. Ed. 921. This canon of construction has received consistent adherence in our decisions."

It has been repeatedly held that where the statutory language is clear it is improper to resort either to legislative history or to speculation in an endeavor to show some unexpressed intent of Congress. *United States* v. *Missouri P. R. Co.*, 278 U. S. 269, 277, 49 S. Ct. 133 (1929); *United States* v. *Standard Brewery*, 251 U. S. 210, 217, 40 S. Ct. 139 (1920).

It is submitted that just as in the *Collett* case there is no need or license in the present case to resort to legislative history or the Reviser's notes since the language of both Section 1400(b) and Section 1391(c) is plain, clear and unambiguous.

## III.

**Even Though Legislative History Can Not Prevail Over The Unambiguous Language Of The Statute Here, The Plain Meaning Of Section 1391(c) Is Not At Variance With Its Legislative History Or With The Intent Of Congress To Broaden Venue With Respect To Corporate Defendants.**

The court below in its majority opinion, following the erroneous reasoning in *Gulf Research & Development Co.* v. *Schlumberger Well Surveying Corp.*, 92 F. Supp. 16 (D.C. S.D. Cal., 1950), said that there was no purpose discernible on the part of Congress to eliminate or minimize the privilege afforded defendants in patent cases, that no purpose to change the previous law as to corpo-

rate defendants in patent infringement proceedings appeared from a reading of Sections 1391(c) and 1400(b) or from the Reviser's notes in connection therewith, and that said notes disclosed that the only changes made in the patent venue section were ones of phraseology and not of substance. 194 F. 2d 410, at 413, 414 (R. 25, 27).

Petitioner does not contend that any change was made in Section 1400(b) other than the significant substitution of the word "reside" for the phrase "is an inhabitant". That section plainly gives to defendants in patent proceedings the same privilege as previously existed, to wit, to be sued in the district of residence or where they had a regular and established place of business and had committed infringing acts. On the other hand, there is no reason why corporations should be treated any differently in patent cases than in any other cases; nor is there any expressed intent by Congress to do so. Accordingly, the general definition of corporate residence for venue purposes provided by Congress in Section 1391(c) applies and clearly was intended to apply to corporate defendants in all types of actions, including those for patent infringement.

Both the court below, in its majority opinion, and Judge Harrison in *Gulf Research & Development Co.* v. *Schlumberger Well Surveying Corp.*, 92 F. Supp. 16 (D.C. S.D. Cal., 1950), were also of the opinion that if the statutory definition of corporate residence in Section 1391(c) is applied to patent infringement cases, then the alternative ground of venue in such cases, *i. e.*, where the defendant has committed acts of infringement and has a regular and established place of business, would become meaningless. This position, of course, disregards the fact that the statutory provision for venue in patent infringement cases is broadly

drawn to provide for venue in all cases, whether the defendant is an individual or a corporation. Patent suits are constantly brought in districts in which both individual and corporate defendants reside and have committed acts of infringement and have regular and established places of business. The fact that the alternative grounds of venue can be, and many times are, satisfied does not mean that the alternatives, or either of them, are meaningless.

The court below was of the opinion that somehow Congress intended to restrict suits for patent infringement against a corporate defendant to the district where it was incorporated. If this were the case, it is submitted that Congress would have plainly said so in recasting Section 1400(b); but Congress did not do this. Instead, it used the new word "resides", which applies to all defendants, be they corporate or individual; and it then prescribed the statutory definition of "residence for venue purposes" in the case of corporations.

Although there are Reviser's notes under both Section 1391(c) and Section 1400(b), the notes nowhere comment upon the definition of corporate residence in Section 1391 (c) which, on the face of the statutes, is a new provision. No comparable provision had previously existed. It is submitted that the Reviser's notes included no comment on this definition for the reason that it was apparent on its face that it was a new provision and, as previously pointed out, the plain language of Section 1391(c) applies to all corporations in all actions under all venue provisions.

The rule is that expression of intent to change may be found in the terms of the statute itself. Indeed, the subsequent writings of the principal Revisers amply demonstrate such intent.

The revision staff for the new Judicial Code consisted of four men: Chief Reviser William W. Barron, Department of Justice; Frank J. Parker, Assistant United States Attorney for New York; Professor James William Moore, Yale Law School; and the Honorable Alexander Holtzoff, Judge of the United States District Court for the District of Columbia. As previously set forth herein (*supra*, page 14), Professor Moore in his "Commentary on the U. S. Judicial Code" repeatedly points out that all special venue provisions are qualified by Section 1391(c), and he specifically states that the latter section applies to Section 1400(b).

Barron and Holtzoff in their work "Federal Practice and Procedure" (1950), Volume I, Section 80, Pages 153-4 state with reference to Section 1391(c) the following:

"§80. *Corporation, Associations, etc., as Parties*

"It was long the rule that, for venue purposes, a corporation was a resident only of the state wherein it was incorporated, and that it was not a resident of another state even though it did business or appoint an agent for service of process there.

"It was perhaps inevitable that the expanding economy of the nation and the nation-wide activities of great corporations should eventually render intolerable a rule which restricted federal suits to the district of incorporation, especially if the district was remote from the scene of corporate activities. And so the time came when by judicial construction the Supreme Court held a corporation suable in any district in which it is licensed to do business or in pursuance of state law has appointed an agent for service of process. Such compliance with state law is deemed a waiver of the privilege to be sued in the state of incorporation and conclusive evidence of consent to be sued elsewhere.

"Congress took the next long step by enacting into law the provision that 'a corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.' * * *"

In the pocket part for 1952 of the same work, the authors further state, Section 80, Page 41:

"§80. *Corporation, Associations, etc., as Parties*

"Under 28 U.S.C.A. § 1391(c), it is clear that in an action against a corporation, any district in which it is incorporated or licensed to do business or doing business is regarded as its residence for venue purposes. * * *"

Barron and Holtzoff do not disagree with Professor Moore regarding the applicability of Section 1391(c) to Section 1400(b). Their only comment on this point is found in the 1952 pocket part under Section 83, Page 42, in which the authors note "some conflict of decision" on the question, referring to cases discussed in this brief. However, the authors themselves express no opinion independently of the decisions cited.

Apparently Mr. Parker, the fourth Reviser, has not published any views concerning the matter. Thus, three of the four Revisers agree that Section 1391(c) of the new Judicial Code changes venue requirements in spite of the fact that the Reviser's notes regarding such change were completely silent. It is submitted that the absence of any note as to such change is not only no ground for reading the statutory provision directly contrary to the plain language thereof but is also contrary to the views of the majority of the Revisers subsequently expressed by them.

The plain language of Section 1391(*c*) must control; otherwise, as erroneously concluded by the court below, the law is to be determined not from the statute as written but rather by sheer implication from silence on the point in the Reviser's notes.

## IV.

### The Decisions In Stonite Products Co. v. Melvin Lloyd Co. And Related Cases, Relied On By The Court Below, Are Not In Point.

Following the lead of Judge Harrison in *Gulf Research & Development Co.* v. *Schlumberger Well Surveying Corp.*, 92 F. Supp. 16 (D.C. S.D. Cal., 1950), the court below in its majority opinion relied upon the decision of this Court in *Stonite Products Co.* v. *Melvin Lloyd Co.*, 315 U.S. 561, 62 S. Ct. 780 (1942), as decisive of the question in issue here and, like Judge Harrison, the court also cited several cases of the district courts following the *Stonite* decision as authority in support of the conclusion which it reached. It is respectfully submitted that none of said authorities is in point on the question presently before this Court and that the reliance upon them by the court below was error.

The *Stonite* case was decided before the revision of the Judicial Code. It is true that this Court there held that the patent infringement venue section, Section 48 of the old Judicial Code, was the exclusive provision controlling venue in patent infringement actions. It is also true that this Court held that the provision of the old Code (Section 52), which permitted suits against two or more defendants residing in different judicial districts within the same State to be brought in either district, was inapplicable to infringement suits. Accordingly, it was held that a corporate defendant, which was an inhabitant of the Eastern Dis-

trict of Pennsylvania,* could not be sued in a patent action in the Western District of Pennsylvania under Section 52 (now Section 1392(a) of the revised Judicial Code) because the co-defendant was an inhabitant of such district, where said defendant corporation did not have a regular and established place of business in the Western District.

This Court was faced in the *Stonite* decision with inconsistent and mutually exclusive provisions regarding venue. Had the Court there held Section 52 (now Section 1392(a)) to control the venue, the particular defendant involved would have been sued for patent infringement in a district other than that of its residence or where it had committed acts of infringement, thus directly violating Section 48 (now Section 1400(b)). But such is not the present situation. The Court is here concerned with only one venue provision which prescribes as one of the proper forums the district of residence (Section 1400(b)), and also with a complementary definition of corporate residence applicable to all venue provisions, whether in subsequent sections of the same chapter or in separate and independent statutes (Section 1391(c)). Here, the action was instituted in a district in which respondent is a resident for venue purposes. Thus, the *Stonite* decision is without application to the present question.

Both the court below, in its majority opinion, and Judge Harrison also relied on four cases which they

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* Prior to the 1948 revision of the Judicial Code, it was held that a corporation was an inhabitant of the district where its official residence was designated by charter or state law and, in the absence of such a designation, then in a district where the corporation maintained its home office. **Galveston, Harrisburg & San Antonio Ry. Co. v. Gonzales** (1894) 151 U. S. 496, 14 S. Ct. 401, 38 L. ed. 248; **Suttle v. Reich Bros. Const. Co.** (1948) 333 U. S. 163, 68 S. Ct. 587, 92 L. ed. 614; **Edgewater Realty Co. v. Tenn. Coal, Iron & Railroad Co.** (D Md. 1943) 49 F. Supp. 807, 809; **Kibler v. Transcontinental & Western Air** (ED NY 1945) 53 F. Supp. 724.

claimed decided the present question. These cases are *Ackerman* v. *Hook*, 183 F. 2d 11 (C.A. 3rd, 1950); *Fischer* v. *Karl*, 84 F. Supp. 53 (D.C. E.D. N.Y., 1949); *Arkay Infant's Wear, Inc.* v. *Kline's, Inc.*, 85 F. Supp. 98 (D.C. W.D. Mo., 1949) and *Rava* v. *Westinghouse Electric Corporation*, 90 F. Supp. 707 (D.C. S.D. N.Y., 1950).

Not one of these cases even mentions Section 1391(c), the provision here in question. On the contrary, each of these cases followed the *Stonite* decision; and in three of them the question identical to that presented in the *Stonite* case was before the court. None of these cases is applicable in the present situation for the same reasons which render the *Stonite* decision inapplicable.

The court below relied additionally upon three further cases. We submit that none of them is controlling here.

*Curtis* v. *Madovoy*, 84 F. Supp. 637 (D.C. E.D. N.Y., 1949) did not even mention Section 1391(c). The District Court there again followed the *Stonite* decision and held that Section 1400(b) prevailed over the inconsistent provisions of Section 1392(a). It, too, is not in point for the same reasons as set forth with reference to the *Stonite* decision.

It is true that in *Nachtman* v. *Jones*, 90 F. Supp. 739 (D.C., D. of Co., 1950), the district court said, after referring to the *Stonite* case, that if Section 1391(c) was applied to Section 1400(b), the latter section would be nullified. However, it should be observed that the complaint did not contain any allegation that the defendant resided in the District of Columbia. Further, the court went on to state the factual issue of whether or not the admitted maintenance of a place of business in the Dis-

trict of Columbia by the defendant "solely for the soliciting of orders" constituted "residence" within the District, but then said it was unnecessary to determine such issue because the case should be transferred for convenience and in the interests of justice. If the court had decided that Section 1391(c) did not apply to the patent infringement action, it is indeed difficult to perceive why it was found necessary to state the issue as to whether or not admitted acts of the defendant constituted a factual basis for one of the alternatives within Section 1391(c). Finally, it should be further pointed out that the ruling of the court was based on Section 1404(a). The court transferred the case after first finding that "it would be in the interests of justice" so to do (90 F. Supp. 741). It is evident that the court acted under Section 1404(a) since it had first stated that it was unnecessary to determine the question of residence. It clearly was acting under the doctrine of *forum non conveniens* rather than transferring the case to a proper district from an improper district.

Lastly, the court below relied on an unreported decision by Judge Igoe in the District Court of the Northern District of Illinois, *Aetna Ball & Roller Bearing Co.* v. *The Federal Bearing Co., Inc.* (Civil Action No. 50 C 857). It appears from the files in that case that the defendant showed that it was not licensed to do business in Illinois and had no regular place of business in Illinois (the contrary of both conditions is admitted by the respondent here) and, further, that the person upon whom service was made was only a sales representative without authority. The defendant moved to quash the service of process setting up each of the foregoing grounds and, in addition, the claim that it had not committed acts of infringement within the district. The

remarks of the district judge regarding Section 1400(b) were wholly unnecessary to a decision allowing the motion to quash.

It is respectfully submitted that the decision of Judge Harrison in *Gulf Research & Development Co.* v. *Schlumberger Well Surveying Corp.*, 92 F. Supp. 16 (D.C. S.D. Cal., 1950), and the decision of the court below are not well reasoned; that the authorities relied upon in both opinions are not pertinent to the question presently before this Court; that both opinions are contrary to the authorities cited under Point I of this Brief holding that Congress meant exactly what it said in Section 1391(c) and 1400 (b); and that, accordingly, a corporate defendant may be sued for patent infringement in any district in which it resides, to wit, any district where it is incorporated or is licensed to do business or is doing business.

## CONCLUSION.

Petitioner submits that for the foregoing reasons the judgment of the Court of Appeals for the Seventh Circuit should be reversed and that the petition of respondent for a Writ of Mandamus be denied.

Respectfully submitted,

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